

Message Text

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ORIGIN ARA-10

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TO AMCONSUL RIO DE JANEIRO

INFO AMEMBASSY BRASILIA

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E O. 11652:N/A

TAGS: EMIN, ETRD, BR

SUBJECT:QUARTZ CRYSTAL EXPORTS

REFS: A) RIO 3725, B) BRASILIA 7400

1. WOULD APPRECIATE YOUR CLARIFYING PARA 2 OF REFTEL A.
DO 600 TON QUOTA AND MINIMUM EXPORT PRICE REFER ONLY TO
"QUARTZ CHIPS" (WHICH WE PRESUME MEANS "LASCA") OR DO THEY
APPLY TO CRYSTALS AS WELL AS CHIPS?

2. UNLESS YOU PERCEIVE OBJECTIONS, CONSULATE IS REQUESTED
TO MAKE LOW-KEY APPROACH TO APPROPRIATE GOB OFFICIALS TO
EXPRESS USG CONCERN AT LIMITATION OF EXPORTS AND PRE-
CIPITOUS RISE IN PRICE OF QUARTZ LASCA.

3. IN YOUR CONVERSATIONS, YOU MAY WANT TO MAKE FOLLOWING
POINTS:

A. DATA FROM US BUREAU OF MINES FOR 1972 INDICATE THAT
TOTAL BRAZILIAN EXPORTS OF NATURAL QUARTZ CRYSTALS OF
VARIOUS GRADES AMOUNTED TO 861,159 LBS. AND OF LASCA TO
6,308,628 LBS. THIS AMOUNTS TO ABOUT 300 TONS MONTHLY,
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WHICH IS CONSIDERABLY ABOVE LEVEL OF EXPORTS PRESENTLY

AUTHORIZED BY GOB.

B. US INDUSTRY SOURCES INFORM US THAT THEY HAVE TRADITIONALLY BOUGHT BRAZILIAN LASCA AT 20-30 CENTS PER LB. ESTABLISHMENT OF MINIMUM PRICE OF DOLS 3.50 PER KILO WOULD RESULT IN PRICE WHICH IS AT LEAST FIVE TIMES THAT PAID RECENTLY.

4. WOULD APPRECIATE YOUR INQUIRING WHAT GOB PRICE AND QUOTA PLANS ARE FOR 1975. WOULD ALSO WELCOME ANY INFORMATION ON 1973 OR 1974 BRAZILIAN EXPORTS OF CRYSTALS AND LASCA, ESPECIALLY HOW THEY COMPARE WITH 1972 DATA CITED ABOVE.

5. MR. N. W. BASS OF BRUSH-WELLMAN CORP. TENTATIVELY PLANNING TO VISIT BRAZIL IN SEVERAL WEEKS TO DISCUSS NEW BRAZILIAN RESTRICTIONS ON LASCA WITH APPROPRIATE GOB OFFICIALS. WOULD BE HELPFUL HAVE LISTING FROM YOU OF PERSONS AND AGENCIES HE SHOULD CALL UPON.

6. REGARDING STOCK AND PRICE INFORMATION REQUESTED IN PARA 8 OF REF B. GSA INFORMS THAT VALUE OF GSA STOCKPILE (AS OF SEPT. 30, 1974) IS DOLS 44.4 MILLION. THIS FIGURE INCLUDES ONLY CRYSTALS OF "STOCKPILE GRADE." STOCKPILE OBJECTIVE IS 209,000 LBS. OF STOCKPILE GRADE CRYSTALS. SINCE GSA ACTUALLY HOLDS 3,835,600 LBS. OF STOCKPILE GRADE CRYSTALS AND 16,200 LBS. OF NON-STOCKPILE GRADE, THIS MEANS THAT 3,626,600 OF STOCKPILE GRADE AND 16,200 LBS. OF NON-STOCKPILE GRADE ARE CONSIDERED TO BE EXCESS. AT PRESENT, GSA HAS LEGISLATIVE AUTHORITY TO DISPOSE OF VIRTUALLY ALL EXCESS (3,515,600 LBS. OF STOCKPILE GRADE AND ALL NON-STOCKPILE GRADE). GSA SALES IN FIRST THREE MONTHS OF FY 1975 AMOUNTED TO 25,700 LBS. STOCKPILE GRADE CRYSTALS AT PRICES RANGING FROM DOLS 5.50 TO DOLS 46.00 PER KILO. GSA NOTES THAT ALL "GOOD QUALITY" CRYSTALS WERE SOLD AT PRICES OF DOLS 30 PER KILO OR ABOVE. KISSINGER

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